

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C. DPD-2141-62

#994

REPLY TO:
Auditor General
Comptroller, USAF
Eastern District
Liaison Officer
P.O. Box 8155
S.W. Station
Washington, D.C.



REPLY TO
ATTN OF:

SUBJECT:

TO:

13 April 1962

SUBJECT: Report on Evaluations of Estimated Cost Proposals
ITEK Laboratories
Lexington Massachusetts
Proposals For:
(1) Tri-Magnification Multiple - Input High Acuity Viewer
(2) Extension of Spatial Filtering Development for Image
Enhancement Viewer
(3) Special Resolution Test Films

TO : Contracting Officer

REF : DPD-0365-62 and DPD-0367-62

1. In accordance with referenced requests, the subject proposals have been reviewed by the Auditor. Comments pertaining thereto are contained in subsequent paragraphs.

2. Subject Proposal (1):

a. Work will be performed by the Special Equipments Division at the Crescent Street facility in Waltham, Massachusetts.

25X1A [] b. The method of costing was found to be acceptable. Overhead of
25X1A [] and G&A of [] appear reasonable for application to costs generated
25X1A during the Fiscal Year 1963. The Auditor is of the opinion that the costs
proposed are reasonable and recommends acceptance thereof. The profit rate
of [] which has been applied by the Contractor is referred to the Contracting
Officer for consideration.

3. Subject Proposal (2):

25X1A a. Costs proposed by the Contractor appear reasonable to the
25X1A Auditor and are recommended for acceptance. As a matter of fact, the over-
25X1A head of [] and G&A rate of [] applied by the Contractor are lower than the
25X1A rates of [] and [] respectively, which the Auditor considers to be more
25X1A realistic in the light of current experience. Application of the latter rates
25X1A in lieu of those used by the Contractor would increase the proposed costs by
[]

BB-425
T O # 4

25X1A

b. The rate used by the Contractor of for fee is referred to the Contracting Officer for consideration.

4. Subject Proposal (3):

25X1A

a. Unit selling prices proposed by the Contractor are on a firm fixed price basis. The basic costs proposed by the Contractor were found by the Auditor to be reasonable, however, a profit factor of has been applied by the Contractor in each of the segments of the proposal as shown below:

Proposed Unit Selling Prices
Quantity of 10 Each Quantity of 48 each

25X1A

5" Test Film:
Cost
Profit
Total

70MM Test Film:
Cost
Profit
Total

9½" Test Film:
Cost
Profit
Total

25X1A

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b. While costs are recommended as reasonable, profit is referred to the Contracting Officer for consideration.

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Audit Liaison Officer
Eastern District
Auditor General

25X1A